

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 336 – SB 423

January 26, 2023

SUMMARY OF BILL: Increases, from \$10,000 to \$25,000, the threshold above which sealed bids are required by certain cities, as well as the threshold below which the board of commissioners in such cities may delegate the approval of contracts to the city manager.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed legislation applies to municipalities in Tennessee that operate under the general law city manager-commission charter, of which there are 48.
- Public Chapter 1016 (PC 1016) of the 112th General Assembly authorized local governments having non-centralized purchasing authority to increase competitive sealed bidding thresholds up to \$25,000.
- It is assumed that upon passage of PC 1016, municipalities with non-centralized purchasing authority, including general law city manager-commission chartered cities, increased bid thresholds to \$25,000. As a result, authorizing municipalities to increase bid thresholds is not expected to have any significant impact on local expenditures.
- Pursuant to Tenn. Code Ann. § 6-19-104(f), the board of commissioners may delegate to the city manager the authority to enter into binding contracts on behalf of the city in routine matters and matters having insubstantial long-term consequences for which expenditures during the fiscal year will be less than \$10,000.
- The proposed legislation authorizes municipal legislative bodies to increase a city manager's contracting authority threshold from \$10,000 to \$25,000.
- Since purchases under \$25,000 would not be required to be contracted with competitive bidding, it is assumed that raising the city manager's contracting limit may allow for more contracting or result in less time to enter into contracts; however, it is not expected to result in any significant fiscal impact to local government.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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